



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/617,853	07/17/2000	Thomas C. Naratil	74622-011	8319

21890 7590 12/29/2009
PROSKAUER ROSE LLP
One International Place
Boston, MA 02110

EXAMINER

GREENE, DANIEL LAWSON

ART UNIT	PAPER NUMBER
----------	--------------

3694

NOTIFICATION DATE	DELIVERY MODE
-------------------	---------------

12/29/2009

ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

bdonovan@proskauer.com
mahmed@proskauer.com
NYPatentAdmin@proskauer.com

Office Action Summary	Application No. 09/617,853	Applicant(s) NARATIL, THOMAS C.	
	Examiner DANIEL L. GREENE JR.	Art Unit 3694	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 01 October 2009.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 18-31 and 33-42 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 18-31 and 33-42 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

Art Unit: 3694

DETAILED ACTION

1. Applicant's 10/1/2009 response to the 4/1/2009 Office action has been considered and entered. An action on the merits of pending Claims 18-31 and 33-49 follows.

Continued Examination Under 37 CFR 1.114

2. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 10/1/2009 has been entered.

Specification

3. Applicant's 10/1/2009 amendment to the specification has been considered and entered.

Admission of Prior Art under MPEP § 2144.03 [R-1] C

4. Because applicant failed to traverse the Examiner's assertion of what is common knowledge or well known in the art, the following items are, from this point forward, to be considered prior art:

From pages 4, 5 and 6 of the previous Office action mailed 8/21/2007:

- i. From page 4 regarding claim 21, "it is old and well known to manually update an offering inventory since the process of updating inventories was first performed manually then became an automated process. "

Art Unit: 3694

ii. From page 5, regarding claim 25, "Official Notice is taken that this (i.e. claim 25) is old and well known in the art of market data in an Internet or network environment. It would have been obvious to one having ordinary skill in the art at the time the invention was made to have a filter for removing incorrect market data because this would enhance the ability to not have duplicate market data and flush out any inconsistencies in the market data."

iii. From page 6 regarding claim 28, "it is old and well known in the art to manually enter interfirm or dealer to dealer trades and to update an offering inventory according to a manual trade."

Response to Arguments

5. Applicant's arguments, see pages 12-13, filed 10/1/09, with respect to the rejection(s) of claims 18-31 and 33-42 under 35 USC 103 as set forth in sections 7 and 8 of the previous Office action mailed 4/1/2009 have been fully considered and are persuasive. Therefore, the rejections have been withdrawn. However, upon further consideration, new grounds of rejections are made in view of Scott "Subject: Trading- Price Improvement" provided by applicant with the IDS submitted 9/26/2008.

Claim Rejections - 35 USC § 103

6. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

7. **Claims 18-20, 22-24, 26, 27, 30, 31 and 33-42 are rejected under 35 U.S.C. 103(a) as being unpatentable over "Telerate adds GovPX US Treasury Prices and Information"**

Art Unit: 3694

(Telerate) in view of US 200/0044767 to Madoff et al. (Madoff) and further in view of Schott “Subject: Treading- Price Improvement” (Schott).

Regarding claims 18, 33 and 42 Telerate discloses a method and a server system for the automated trading of financial instruments, comprising:

an updatable database that receives real time price and quantity information pertaining to each of a plurality of financial instruments from a market data feed, the plurality of financial instruments constituting an offering inventory in for example, page 1 paragraph 1;

Telerate does not appear to expressly disclose a server that automatically:

receives a first order to execute a first trade of a selected financial instrument;

forwards the first order to a trading system to execute the first trade;

identifies an offsetting trade relative to the first trade or first order of the selected financial instrument, wherein the offsetting trade is identified within a predefined period of time after forwarding the first order to the trading system for execution;

determines a price improvement value based on a first price for the first trade or first order of the selected financial instrument and a second price for the offsetting trade of the selected financial instrument; and

applies the price improvement value to at least the first price for the first trade or first order of the selected financial instrument, resulting in an adjusted first price.

Madoff discloses a server that automatically:

receives a first order to execute a first trade of a selected financial instrument;

Art Unit: 3694

forwards the first order to a trading system to execute the first trade;

identifies an offsetting trade relative to the first trade or first order of the selected financial instrument, wherein the offsetting trade is identified within a predefined period of time after forwarding the first order to the trading system for execution;

determines a price improvement value based on a first price for the first trade or first order of the selected financial instrument and a second price for the offsetting trade of the selected financial instrument; and

applies the price improvement value to at least the first price for the first trade or first order of the selected financial instrument, resulting in an adjusted first price in, for example, the abstract, page 3, Col 1 [0029]-[0030], page 4 col. 2 [044]-page 5, Col. 1 line 11 and page 5, Col. 1 [0045]-[0046], Claims 1-40 etc..

At the time of the invention it would have been obvious to one of ordinary skill in the art to modify the invention of Telerate with the teachings of Madoff to arrive at a system that actively trades at current market prices. One would have been motivated to combine the references and teachings for the benefit of ensuring maximum savings while trading stocks, etc. by ensuring the prices are as accurate as possible across all possible markets.

Although it is considered Madoff discloses applicant's invention as claimed, and explained above, it appears applicant is of the opinion that Madoff does not explicitly disclose identifying an offsetting trade relative to the first trade or first order of the selected financial instrument, wherein the offsetting trade is identified within a predefined period of time after forwarding the first order to the trading system for

Art Unit: 3694

execution; determining a price improvement value based on a first price for the first trade or first order of the selected financial instrument and a second price for the offsetting trade of the selected financial instrument; and applying the price improvement.

Madoff clearly teaches price improvement in for example, claim 18.

Schott teaches the claimed method of price improvement in for example, page 2, paragraph 3, reproduced immediately below:

Moreover, big brokers often have a small inventory of actively traded stocks they make a market in and can effectively cut-off (cross) an order before it hits the exchanges. A brokerage house can also program its computer to recognize when two orders flowing in from their regional offices make a pairing that can be summarily crossed. Generally, the broker keeps the spread, but some brokers give the advantage to the customer. Most notable in this respect is Schwab's new "no spread" trading system which crosses customer orders for participants. Instead of executing your order on the normal markets immediately, Schwab routes it to their "waiting room". If there is another order there that mates with yours the trade is immediate - if not, you sit there until that mating order shows up. In either case, Schwab takes its commission and splits the spread with the two customers. It remains to be seen how well this idea works. Evaluating the potential for a delayed trade and the price volatility of the stock itself versus the spread savings will make it difficult for an individual to decide whether to participate.

At the time of the invention it would have been obvious to one of ordinary skill in the art to combine the teachings of Scott with the invention of Telerate as modified by Madoff as set forth above for the purpose of saving money. See for example, Schott page 1, paragraph 5, reproduced immediately below:

Price improvement is extremely important to people who frequently trade large blocks of stocks. These people care more about superior executions (i.e., price improvement) than the brokerage house's commission. After all, a 1/8-point improvement on a 1000-share trade makes a \$125 difference. So beware saving a penny on the commission and losing a pound on the execution price.

Regarding claim 19 and the limitation wherein the server cancels or revises orders or trades see, for example, Madoff page 6, Col. 1 [0058]- Col. 2 line 11.

Regarding claim 20 and the limitation wherein the server notifies a user that an order has been executed see, for example, Madoff page 6, Col. 1 [0065]- page 7, Col. 1 [0068].

Art Unit: 3694

Regarding claim 22 and the limitation wherein the server automatically updates the offering inventory. Madoff discloses, The system of claim 18, said system proprietor automatically updating the offering inventory (page 3, col. 2 [0036]-page 4, col. 1, line 12)).

Regarding claim 23 and the limitation the market data feed being provided by at least one Interdealer Broker see, for example, Telerate page 2, paragraph 2.

Regarding claim 24 and the limitation, the market data feed being reformatted to record-based data prior to entry into the system see, for example, Telerate page 2, paragraphs 2 and 3.

Regarding claim 26 and the limitation wherein the server calculates a derived price for the selected financial instrument, the derived price being calculated by:

(a) determining a spread between a last transaction price and a desired transaction benchmark for the selected financial instrument;

(b) determining a current existing price of the desired transaction I benchmark;
and

(c) adding the spread to the current existing price of the transaction benchmark, see, for example, Madoff page 3, col. 1 [0029]-[0030], page 4, col. 2 [0044]-page 5, col. 1, line 11 and page 5, col. 1 [0045]-[0046] as well as Schott whole document

Regarding claim 27 and the limitation wherein the server generates a confirmation of the first trade after execution thereof see, for example, Madoff page 3, Col. 2, Para. [0031].

Art Unit: 3694

Regarding claim 30 and the limitation wherein the second price of the offsetting trade prior to application of the price improvement value is a national best bid and offer price, see for example, Madoff page 3, Para. [0029].

Regarding claim 31 and the limitation wherein the server converts the national best bid and offer price to a derived price in the event the national best bid, and offer price is not available see for example, Madoff page 3, Para. [0030].

Regarding claims 34 and 35 the limitations wherein the server automatically applies the price improvement value to the second price for the offsetting trade of the selected financial instrument, resulting in an adjusted second price for the offsetting trade, see the rejection of corresponding parts for claims 18, 33 and 42 above wherein it is understood that in order for price improvement to occur the two orders must have their prices improved and accordingly trade at the improved price.

Regarding claims 36 and 37 and the limitations wherein the price improvement value is determined based on an average of the first price for the first trade or first order of the selected financial instrument and the second price for the offsetting trade of the selected financial instrument.

Regarding claims 38 and 39 and the limitations wherein the price improvement value is determined to make the adjusted first price for the first trade or first order of the selected financial instrument equal to the second price for the offsetting trade of the selected financial instrument.

Art Unit: 3694

Regarding claims 40 and 41 and the limitation wherein the predefined period of time is within 30 seconds see, for example, Madoff [0030] wherein the exposure time of 15 seconds is set forth.

8. Claims 21, 28 and 29 are rejected under 35 U.S.C. 103(a) as being unpatentable over "Telerate adds GovPX US Treasury Prices and Information" (Telerate) in view of US 200/0044767 to Madoff et al. (Madoff) and further in view of Schott "Subject: Treading-Price Improvement" (Schott) as applied to claims 18-20, 22-24, 26, 27, 30, 31 and 33-42 above and further in view of Official Notice.

Regarding claims 21, 28 and 29 and the limitations wherein the server presents an interface for providing a user with the capability to manually update the offering inventory and to manually enter interfirm or dealer to dealer trades for execution.

Telerate and Madoff do not appear to expressly disclose an interface for providing a user with the capability to manually update the offering inventory.

Official notice is taken that it is old and well known to manually update an offering inventory and trades since the process of updating inventories and trading were first performed manually then became automated processes.

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to manually update an offering inventory in view of the fact that it was once a manually process which has been automated.

Art Unit: 3694

9. Claim 25 is rejected under 35 U.S.C. 103(a) as being unpatentable over "Telerate adds GovPX US Treasury Prices and Information" (Telerate) in view of US 200/0044767 to Madoff et al. (Madoff) and further in view of Schott "Subject: Treading- Price Improvement" (Schott) as applied to claims 18-20, 22-24, 26, 27, 30, 31 and 33-42 above and further in view of Official Notice.

Regarding claim 25 and the limitation, further comprising a filter for removing incorrect market data from the offering inventory.

Official Notice is taken that this is old and well known in the art of market data in an Internet or network environment.

It would have been obvious to one having ordinary skill in the art at the time the invention was made to have a filter for removing incorrect market data because this would enhance the ability to not have duplicate market data and flush out any inconsistencies in the market data.

10. Claims 18-31 and 33-42 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 2001/0049651 A1 to Selleck, US Patent 6,243,691 B1 to Fisher et al. and US 2001/0042033 A1 to Sposito for the reasons set forth in section 8 of the previous Office action mailed 4/1/2009 and further in view of Schott "Subject: Trading - Price Improvement".

Section 8 of the previous Office action explains how the references read on the claimed invention.

Art Unit: 3694

Schott teaches the claimed method of price improvement in for example, page 2, paragraph 3, reproduced immediately below:

Moreover, big brokers often have a small inventory of actively traded stocks they make a market in and can effectively cut-off (cross) an order before it hits the exchanges. A brokerage house can also program its computer to recognize when two orders flowing in from their regional offices make a pairing that can be summarily crossed. Generally, the broker keeps the spread, but some brokers give the advantage to the customer. Most notable in this respect is Schwab's new "no spread" trading system which crosses customer orders for participants. Instead of executing your order on the normal markets immediately, Schwab routes it to their "waiting room". If there is another order there that mates with yours the trade is immediate - if not, you sit there until that mating order shows up. In either case, Schwab takes its commission and splits the spread with the two customers. It remains to be seen how well this idea works. Evaluating the potential for a delayed trade and the price volatility of the stock itself versus the spread savings will make it difficult for an individual to decide whether to participate.

At the time of the invention it would have been obvious to one of ordinary skill in the art to combine the teachings of Scott with the invention of Selleck as modified by the secondary references for the purpose of saving money. See for example, Schott page 1, paragraph 5, reproduced immediately below:

Price improvement is extremely important to people who frequently trade large blocks of stocks. These people care more about superior executions (i.e., price improvement) than the brokerage house's commission. After all, a 1/8-point improvement on a 1000-share trade makes a \$125 difference. So beware saving a penny on the commission and losing a pound on the execution price.

Conclusion

11. Any inquiry concerning this communication or earlier communications from the examiner should be directed to DANIEL L. GREENE JR. whose telephone number is (571)272-6876. The examiner can normally be reached on Mon-Thur.

Art Unit: 3694

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammell can be reached on (571) 272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

12. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/D. L. G./
Examiner, Art Unit 3694
2009-12-21

/James P Trammell/
Supervisory Patent Examiner, Art Unit 3694